Where less is more

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Where less is more: Institutional Voids and Family Entrepreneurship in Sub-Saharan Africa

Abstract

Purpose- The article offers conceptual interpretation of the role business families play in the institutional context of sub-Saharan Africa, characterised by voids within the formal institutional setting. Responding to calls to take a holistic perspective of the institutional environment, we develop a conceptual model, showcasing the emergence of relational familial logics within business families that enable these enterprising organisations to navigate the political, economic and socio-cultural terrain of this institutional context.

Design/methodology/approach- We undertake a review of extant literature on institutional theory, institutional voids, family business and business families and examine the relevance of these theoretical constructs in relation to the institutional environment of Sub-Saharan Africa. We offer tentative propositions within our conceptualization, which we discuss in an inductive fashion.

Findings- The review underlines the relevance of informal political, economic and socio-cultural institutions within the sub-Saharan context, within which the family as an institution drives business families engagement in institutional entrepreneurship. In doing so, we argue business families are best positioned to navigate the existing Sub-Saharan African institutional context. We underline the critical relevance of the embeddedness of social relationships that underpin relational familial logic within the sub-Saharan African collectivistic cultural system.

Originality/Value- By challenging the assumption that institutional voids are empty spaces devoid of institutions, we offer an alternative view that institutional voids are spaces where there exists a misalignment of formal and informal institutions. We argue that in such contexts within Sub-Saharan Africa, business families are best placed to harness their embeddedness within wider family and community for entrepreneurial activity. We argue that family and business logics may complement each other rather than compete. The discussions and propositions have

implications for future research on business families and more inclusive forms of family organisations.

Key Words: Institutional Voids, misalignment, informal institutions, business family, Sub-Saharan Africa

Research type: Conceptual paper

Introduction

Family business literature presents family businesses as a dominant form of organisations in both developed and developing economies (Carney, 2005; Kavul et al, 2009; Estrada-Robles et al., 2018). Further, researchers argue that family businesses contribute to job creation and wealth generation (Feltham et al., 2005) and they outperform non-family businesses (Villalonga and Amit, 2006). However, such scholarly work views family businesses through a narrow lens of the nuclear family influencing business operations (Sharma, 2004). This perspective neglects the topography of family business composition across different institutional spaces, in which extended family members' involvement, brings into the business operation greater access to capital, expertise and information (Leaptrott, 2005). Such involvement may include an appreciation of informal entrepreneurial activity at the family level. As a result, there is a need to refocus attention away from the contours of the 'family businesss' to a more inclusive notion of 'business family' which in turn can act as an 'institution' with its own set of logics.

This paper seeks to extend the understanding of institutional influences on the entrepreneurial behaviours of business families, family businesses and family business groups (Seaman et al, 2017). More broadly, the paper also seeks to underline the critical importance of the social, political and cultural contexts in which entrepreneurial endeavours take place (Ansari et al. 2012; Bruton et al. 2010; Jennings et al. 2013; Scott, 1995, 2005; Vershinina, Woldasenbet and Murithi, 2017; Zahra & Wright, 2011). Drawing on the extensive institutional literature (DiMaggio and Powell, 1983; Greenwood et al., 2014; Reay and Hinings, 2009; Scott, 2001), we extend understanding of institutional voids (Mair and Marti, 2011), beyond the traditional view of them as spaces where formal institutions are absent to encompass a wider recognition of these institutional spaces representing arenae in which there may exist inherent misalignment between formal and informal institutions (Barrédy, 2016) and where informal institutions may in fact act as a dominant force. Moreover, departing the family business literature (Brundin and Wigren-Kristoferson, 2013; Chua et al. 1999; Sharma, 2004) which views family business as a solely formal business entity, where the focus is on how the family influences the business (Leaptrott, 2005) we develop a contextualised perspective focusing on enterprising business families in which business activity may exist informally. Such a focus can enrich understanding of the linkages between family entrepreneurship (Bettinelli et al. 2015; Randerson et al., 2015; 2016; Seaman et al., 2015) and manifestations of informality (Webb et al., 2013).

In this paper we develop a conceptual framework through which we can better understand the influence of both formal and informal institutional environments (Webb et al., 2013) on organisational structure, practices and behaviour of entrepreneurial businesses, specifically within the under-researched context of sub-Saharan Africa. Whilst there is an existing body of literature, which highlights how the existence of institutional support within developed world economies can facilitate entrepreneurial activities (Zahra & Wright, 2011), we focus our attention on developing economies where there is a relative dearth of scholarly attention on the nature of family businesses operating within institutional voids (Barrédy, 2016). To this end, this paper focuses on the hitherto under-researched sub-Saharan African context that has been untapped by management and entrepreneurship scholars. Rather than the African continent being a 'parochial dinosaur' (Boyacigiller and Alder, 1991), Africa presents a unique context (Zoogah et al., 2015) and in particular the Sub-Saharan context, that warrants scholars to investigate how the institutional environment impacts on organisational structures, practices and behaviours.

In contrast to the Western world which is characterised by the existence of dominant formal dominant institutions, the African continent has a much more diversified outlook characterised by a number of dominant logics that coexist including various formal and informal institutions. Existing research has demonstrated the competing nature of formal and informal logics (Reay and Hinings, 2009) from a predominantly Western-based perspective in which formal institutions are dominant. However, there is clear scope to explore further the interplay between formal and informal logics within different institutional contexts.

Therefore the core research question being addressed in this article is: *What role do business families play in the institutional environment in sub-Saharan Africa?*

Our contributions are threefold. First, we respond to calls for incorporating Sub-Saharan African insights into the academic context of management and enterprise literature (e.g. Bruton *et al*, 2015; Khavul, *et al.*, 2009; Zoogah *et al.*, 2015; Zoogah and Nkomo, 2013). Secondly, our study shows that within the institutional context of Sub-Saharan Africa, by focussing on the family rather than the business, we show that the family and business logics are not competing. Instead, they act in a complimentary fashion to enable business families to navigate the wider institutional context. Finally, from a policy and practitioner perspective, we call for greater recognition of specific institutional contexts, including those in which the formal may not exert dominance. Rather, there may exist a set of informal logics, which influence the ability of organizations to operate within a given institutional setting.

The rest of the paper is structured as follows. The next section outlines extant literature on institutional theory in general, highlighting the interplay of the political, economic and sociocultural contours of the sub-Saharan African institutional context with business families. We develop propositions and present a conceptual model which incorporates the complementing nature of how business families and their institutional logics in navigating the wider institutional context in Sub-Saharan Africa. We finally draw conclusions and discuss implications on research and practice within this line of enquiry.

Overview of Institutional Theory and Institutional Voids

This paper uses neo-institutional theory, founded on the notion that organisations, groups and individuals, and their behaviours, are shaped by the institutional environments in which they are embedded (Scott, 2001). According to Scott (2001) such institutional environments comprise three pillars. The *regulatory* pillar involves formalised rules, laws and associated sanctions promoting certain behaviours and restricting others. The *normative* pillar refers to wider norms and values present in a society about what constitutes appropriate and acceptable behaviour. The *cultural-cognitive* pillar relates to how certain behaviours become taken for granted based on shared understandings.

Institutional theory posits that organisations, groups and individuals behave in ways, which reflect the regulatory, normative and cognitive rules of their institutional environments, adherence to which ensures legitimacy. In the regulatory pillar, this legitimacy is gained through compliance with legal requirements, in the normative pillar it is based on conformity with a moral basis, and in the cultural-cognitive pillar it comes from adopting a common frame of meaning or approach (Scott, 2001). It is suggested that institutions exert pressure for compliance on organisations, groups and individuals, through mechanisms of isomorphism, with different variants of isomorphism primarily associated with each of the pillars. Coercive isomorphism is largely associated with the regulatory institutional pillar and the enforcement of formal rules and laws. Normative isomorphism meanwhile is associated with the normative pillar and pressures to conform to wider societal expectations. Finally, mimetic isomorphism is related to the cultural-cognitive pillar, whereby organisations and individuals act in ways that reflect shared understandings and common beliefs, and which are culturally supported.

Institutional theory has been critiqued for its inability to explain agentic behaviour (Barley & Tolbert, 1997), whilst the institutional logics perspective (Thornton et al 2013) has sought to propose new ways of understandings structure-action questions. 'Institutional logics' provide the organising principles for a field (Reay and Hinings, 2009). Thornton and Ocasio (1999) define institutional logics as:

> "*The socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality*".

The institutional logics approach points to the expectation that organisations will exhibit differences. Thus, Greenwood, et al. (2014) purport the need to focus on organisational difference rather than similarity. To this end, within this paper, we place our attention on the phenomenon of business families which encompass their own set of institutional logics which are derived from the institutional environment in which they are embedded (Scott, 2001). For instance, in studies of family business in the Western world, we might see the predominance of the business logic (business ownership and profitability) over the family logic (harmony and nurturing) (Sharma, 2004). However, in different institutional settings, there might exist different relationships between business and family logics.

One such context is the setting of institutional voids. Institutional voids (Mair and Marti, 2009) exist when there is misalignment between what is considered legitimate by a society's formal (regulatory) institutions (e.g., its laws and regulations), and its informal (normative and cultural-cognitive) institutions (e.g., norms, values and beliefs). In terms of formal institutions, these can be defined as the rules and regulations which are written down or formally accepted, giving guidance to the economic and legal framework of a society. In constrast, informal institutions are the traditions, customs, societal norms, culture and unwritten codes of conduct. These norms and values are passed from one generation to the next and tend to be resistant to change (Bruton et al, 2008).

Recent work on institutional voids within the business and management discipline has focused to a large degree on the impact such voids have on the strategies of firms (Meyer et al. 2009) and how within this specific institutional context, informal economic practices (Webb, 2013) may emerge and impact upon the functioning of formal economic arrangements (North, 1990; Peng, Sun, Pinkham, & Chen, 2009). However, implicitly, they assume an interpretation of institutional voids as spaces empty and devoid of institutions. Within this paper, we develop an alternative understanding of institutional voids, which recognises the diversity and complexity of different institutions present often in similar contexts (Zelizer, 2010). The institutional voids literature assumes that when formal institutions are weak, inadequate or absent, there exists an institutional vacuum. We contest this by purporting that in the so-called ‘void’, in fact there exists a variety of more informl institutions, including that of the family. This is a salient perspective for further understanding the nature of the entrepreneurial activities of business families within the context of Sub-Saharan Africa.

Taking into account the interconnected but often misaligned nature of formal and informal institutions in developing economies in general and in the Sub-Saharan African context in particular, and the corresponding prevalence of voids within formal institutional setting in this region, in this paper, we argue that it is impossible to disentangle which factors determine organisational behaviours and performance. Rather, we purport that it is more useful to extend the application of the seminal work of DiMaggio and Powell (1983) and Scott (2001) in which they highlight the importance of institutional pillars and three sources of institutional pressures: political, economic and socio-cultural institutions. We examine these in turn in the context of sub-Saharan Africa.

Political Institutional Environment- the Role of Government Regulation

The role of government is to create a political and economic environment that enables businesses to operate. However, Sub-Saharan African governments are often criticised for being an impediment, rather than a facilitator for development and economic growth. Political corruption, which includes graft, fraud, nepotism, kickbacks, favouritism and misappropriation of public resources, is rampant, and as Samuel *et al*. (2014, p.20) state, has become "synonymous to public affairs, agencies resources and institutions of the state" depriving countries of much-needed finances for economic and infrastructural development. These factors alone have contributed to enduringly high levels of poverty, poor infrastructure, market failures, and a large informal economy across the African institutional context (World Bank, 2017). Generally, the business environment is significantly marred by regulatory inefficiency and ineffectiveness. In such a milieu, corruption thrives with the emergence of flawed procurement practices, upheld by bureaucratic systems, which create unnecessary institutional pressures on private business.

Across the Sub-Saharan African region, the existence of regulatory ineffectiveness has created institutional voids within formal setting (Mair and Marti, 2009) that act as impediments to inclusive market participation by both formal and informal economies. As a result, this imposes administrative hurdles and financial burdens, which increase the costs and time taken to comply with regulations, thus leading to increased activity in the informal sector (Irwin, 2008; Khavul et al., 2009), corrupt practices within the private sector, and high poverty and inequality levels (World Bank, 2017). Although these are not genetically unique to the Sub-Saharan African region, they feature prominently in the sub-Saharan institutional political and economic context because of the existence of weak governance institutions, structures and regulations that impede full market participation (Easterly, 2001). Therefore we propose:

> *Proposition 1: The weak political institutional environment in Sub-Saharan Africa encourages participation of organisations in informal activities.*

Across formal and informal institutions, which are often intertwined, institutional actors deliberately leverage institutional resources to create new institutions or transform existing ones, with an intention of generating wealth. Such actors are referred to as "institutional entrepreneurs". According to Lawrence and Philips (2004: 657) institutional entrepreneurship refers to “the activities of actors who have an interest in the institutional arrangement and who leverage resources to create new institutions or to transform existing ones”. This term is closely associated to DiMaggio’s arguments that refer to a set of actors with sufficient resources that when organised pursue objectives that they perceive to be of high value to them. Therefore, this showcases how the opportunistic behaviour of institutional entrepreneurs emerges within contexts in which informal and formal institutions are intertwined. Extending these perceptions such actors could emerge as a specific industry, cluster or sector force that influences policies, market environment and organisational identities introducing another important level of understanding the sources of institutional pressures.

Business families represent one such segment of the business environment in Sub-Saharan Africa. Kickbacks, political cronyism and nepotism are examples of institutional pressures which are common to the sub-Saharan African context. As such, institutional entrepreneurs, representing business families, engage in activities which extend beyond formally bounded institutional pressures. As a consequence, they are able to leverage the economic and sociocultural environment to generate wealth, in particular focussing on embedded forms of socio-economic obligation within social relationships within Sub-Saharan African communities. Therefore, we propose:

> *Proposition 2: The weak political institutional environment in Sub-Saharan Africa encourages business families to engage in institutional entrepreneurship by navigating both formal and informal domains.*

Socio-cultural Institution: The Role of Socially Constructed Cultures

Recent studies call for further exploration of how deep-rooted traditions and cultural contexts within the African landscape can contribute to wider management and entrepreneurship studies (Amaeshi and Idemundia, 2015; Zoogah *et al*, 2015; Zoogah and Nkomo, 2013). Africa in general and Sub-Saharan Africa in particular provides a rich and exciting context in which to test, extend, and build new explanations (Zoogah *et al*., 2015) for how culture holds explanatory power on how organisations overcome voids within the formal institutional setting within specific contexts.

Culture is defined as the shared beliefs, values, and behavioural norms of a group

(Hofstede, 2001) and it has a significant role at both national and organisation levels. Most commonly, culture is the taken-for-granted values, norms, beliefs, and symbols acquired through socialization, which shape action in predictable, culture reproducing directions (Peterson 1979; Wrong 1961). Generally, national culture 'consist of the underlying value systems that are specific to a group or society and motivate individuals to behave in a certain way' (Shinnar *et al.*, 2012, p. 466). Several studies that focus on culture and institutions have established that national culture has an influence on the level of institutional changes (Hayton *et al.*, 2002; Pinillos and Reyes, 2011). Socio-cultural institutions are comprised of social and cultural norms that are prevalent in the society –thus they regulate social activities and interactions between individuals and groups (Rivera-Santos, *et al*, 2015; Zoogah, *et al.*, 2015).

Within the Sub-Saharan African context, socio-cultural institutions heavily draw their orientation from the traditional beliefs, norms and values, which are informed by diverse tribal groups. However, because of the enduring legacy of previous colonial history and entrenched indigenous traditions, Africa is characterised by both formal and informal socio-cultural institutional logics (Zoogah, *et al*., 2015; Zoogah, and Nkomo, 2013). Formal socio-cultural institutions include legally recognised or adopted beliefs, values or behavioural norms drawn from the Western powers as a result of colonisation. Informal socio-cultural institutions are colloquial prescriptions embedded in the traditional communal practices such as tribalism and nepotism (i.e. favouring someone from your tribe or family for a job purely based on tribal or kinship linkages) (Zoogah, *et al.*, 2015).

Sub-Saharan Africa is characterised by a myriad of informal socio-cultural institutions that are reflected in organisations through the cultural beliefs, values, attitudes and behaviours that condition managers and workers to attribute different structural and behavioural dynamics (Zoogah *et al.,* 2015; Zoogah and Nkomo, 2013). Broadly, we identify four major Sub-Saharan African specific informal socio-cultural institutions: Ubuntu, Harambee, Ujamaa, and Humanism. Though substantially different in their conceptualisations (Zoogah *et al.,* 2015), they embody ideas that envision a sense of community support and cooperativeness. Each of these informal institutions holds symbolic power, which enables firms to build community and social relations which permeate organisations, including business families, through individual ascriptions to these symbolic forms of culture.

In Western literature, social relations predominantly have been examined through the conceptual lens of social capital (McKeever et al., 2004). Within such a perspective, there exists a reliance on an individualistic view of resources an individual or social unit can harness from their given network. Such a perspective bears little relevance to the institutional context of Sub-Saharan Africa, where community and family are the central tenets, rather than the individual. According to Zoogah *et al.* (2015) through such communal principles, community members are more inclined to support each other by sharing resources and favours in exchange for unquestionable loyalty. As a result, this facilitates the development of "networks of social obligation that enable the creation of linkages between managers within organisations to extended families, villagers and ethnic groups (Mangaliso, 2001)" (p.15), which extend beyond the social capital of individuals. Therefore, these informal socio-cultural institutional orientations have a substantial cultural-cognitive influence on organisations within the institutional environment (Scott, 2001). Specific Sub-Saharan African socio-cultural institutions exist and may even dominate this institutional landscape, impacting upon how business families have the ability to function within this environment. We therefore propose:

> *Proposition 3: The strong socio-cultural institutional context of Sub-Saharan Africa, in which community and family are the central tenets, encourages business families to enact culturally embedded networks of social relationships in their business activities.*

Therefore, Sub-Saharan Africa presents a unique context to explore the influence of specific social-cultural contexts on organizations seeking to operate within voids in the formal institutional setting. In the next section, we focus in more detail on business families, the most prevalent organisational form in developing economies (Carney, 2005).

An Institutional Perspective on Business Families

Within dominant perspectives on family business, a family business exists when ownership and management are concentrated within a family unit and its members strive to achieve and/or maintain intra-organisational family-based relatedness (Litz, 1995, p. 103). Generally, according to Friedland and Alford (1991, p. 248) the institutional logic of the family firm consists of "a set of cultural rules and assumptions associated with notions of community and unconditional loyalty to family members and their reproductive needs". This is consistent with the perception portrayed by Miller et al. (2011, p.4) that the familial logics are that of "nurturing, generativity, and loyalty to family members". Within this body of work, some scholars have used family stakeholder perspective, arguing that family logics influence the firm's strategy and performance because stakeholders in family firms pursue economic and non-economic objectives simultaneously (Dyer, 2006, Gómez-Mejía *et al*, 2007). Farrington, et al. (2011) argue that business logics define family businesses, as they are driven by the market-dynamics, which is more focussed on economic performance. The existence of multiple logics presents a dilemma for family based organisations, and we find divergent conclusions about the consequences of logic multiplicity within organisations (Besharov and Smith, 2014 p. 2). There has been a continuous debate on how the two competing logics (family and business) coexist within an organisation and how ownership, management, governance mechanism and strive towards succession are affected by the dominant logic within the organisation.

Against this background where family business is viewed as solely engaging in formal economic activity, in which business and family logics compete, there is scope to examine how within different institutional settings, families may engage in informal business activity. Taking such a perspective allows the researchers to focus more attention on the 'family' as an institution (with a specific set of regulatory, normative and cultural-cognitive dimensions) rather than the 'business'. Studies to date have presented family as an 'institution' and the business as an 'organisation'. Indeed, 'family as an institution' perspective (Reay, 2009) depicts specific 'rules, norms, beliefs that describe reality, explaining what is and is not, what can be acted upon and what cannot' (Hoffman, 1999, p. 351). These values and behaviours can be seen as taken-for-granted, culturally embedded understandings that specify and justify social arrangements and behaviours, either informally or formally. Generally, "organisations" have a management structure that determines power relationships between the different activities and the members' relationships, and subdivides and assigns roles, responsibility and authority to carry out different tasks (Daft et al., 2010), through a more formal set of rules. Consequently, families engaged in business activity are substantially informed by the 'family institution', the rules and norms of which are embedded within a context of political, economic and sociocultural institutional contours (Leaptrott, 2005, p. 226).

However, this perspective takes for granted that families engaging in business activities do so only within formal economic arrangements, neglecting the propensity of families to engage in informal entrepreneurial behaviour. Indeed, the engagement in institutional entrepreneurship may be more prevalent in institutional contexts where there is a lack of alignment between formal and informal institutions. As such, we argue that, in order to better understand how families engage in business activity, there is a need to examine the role of contextual variables that distinguish between different institutional settings and how they may influence the diversity of family organizations, which have heterogeneity, idiosyncrasy and unique capabilities (Barrédy, 2016). Such an approach requires an alternative perspective on institutional theory, one that identifies institutional processes that give meaning to the social structures within which families enagage in institutional entrepreneurship. This perspective offers insight into the complex dynamic interplay between formal and informal institutions. (DiMaggio and Powell, 1983).

In trying to understand the meta-identity of families engaging in business activity, Shepherd and Haynie (2009) developed a framework using social identity theory to explain how the two identities "who we are as a family" and "who we are as a business" interacted to expedite the entrepreneurial process. Reay (2009) draws on the institutional perspective to explore how the "family-business meta-identity" could be influenced by the institutional pressures and environment in the long-term. Such explanations again are derived from the context of formal business activity. However, in situations where there is a misalignment between formal and informal institutions, certain normative dimensions of family (affection, inter-personal attention, nurturing behaviour towards family members) and cultural-cognitive dimensions (reciprocity, community support and mutual help) (Vershinina, et al., 2017) may take primacy, through embedded social relationships. These embedded social relationships found in families engaging in business activity can substitute for more formalized governance arrangements (Fiet, 1995) and regulatory terrain specifically in the context of Sub-Saharan Africa.

In the Sub-Saharan African context communities play an important role in supporting entrepreneurial activity (Ansari et al. 2012; Amaeshi and Idemudia, 2015). Families operating businesses through embedded social relationships internally with family members, and externally with community and wider stakeholders will use these close social connections to navigate the "institutional voids" in order to mobilise wider networks to access necessary resources and information. To operate within the context of voids within the formal institutional setting, where informal institutions dominate, business families develop familial logic, defined as “nurturing, generativity, and loyalty to family members” (Miller et al. 2011, p.4). Such logic complements the traditional business logic, as reliance on embedded mutual relationship within wider family sand community beyond the nuclear helps business families to navigate the relative lack of intermediary firms, regulatory systems and contract-enforcing mechanisms. As such in the context of Sub-Saharan Africa, the familial logic accommodates a wider set of familial relations frequently encompassing the community (Vershinina, et al., 2017). We therefore propose:

> *Proposition 4: Familial logic, embedded in cultural norms, rules and assumptions, forms a family institution in Sub-Saharan Africa, which enables business families to navigate the existing voids within the formal institutional setting.*

In summary, we have proposed four propositions specific to the elements of institutional environment and business families pertinent to the sub-Saharan African institutional context. We have highlighted how business families operate in an environment in which there exists an interplay between family and business logics, in which it would be erroneous to assume that business logics are dominant. We now present our conceptual model.

Conceptual Model

This paper responds to calls to examine how institutional forces affect businesses activity in general (Guler, *et al*., 2002) and particularly business families (Barrédy, 2016; Randerson *et al.*, 2015; 2016). Of particular importance is our focus on the Sub-Saharan African institutional context, characterised by a large number of family-owned firms, engaged in informal entrepreneurship (Kavul et al, 2009).

Our conceptualisation (see Figure 1) showcases the complementarity rather than the competing nature of family and business logics embedded within family as an institution and business as an organization. Within the Sub-Saharan African context, the interplay between family and business is underpinned by the culturally embedded social relationships emerging from the inherent linkages between the wider family and communities. Within this specific context, characterised by a misalignment between formal and informal institutions, rather than the ‘void’ representing an empty space wholly constraining business activity, through the normative and cultural-cognitive informal institutions, the business family has the capacity to substitute for formal institutions and become institutional entrepreneurs themselves. Future research may empirically test the associations and relationships between the core constructs identified in our conceptualisations to see if our theorisation extends beyond the remits of Sub-Saharan African context.

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Discussion

In this section we discuss how various institutional pressures may influence business families and their participation in business activity within the context characterised by voids within the formal institutional setting, where there may exist misalignments between formal and informal institutions. Within this paper we offer specific insight into why business families in Sub-Saharan Africa have the capacities to benefit from the existence of voids in formal institutional settings. We turn first to discussion of political institutional pressures.

Political institutional voids and business families

The Sub-Saharan African political institutional environment is characterised by a colonial legacy of bureaucratic, authoritarian, pervasive hierarchical political patronage, dominating patriarchal society, and a complex ethnic dialectic of assimilation, fragmentation and competition that has persisted in post-colonial societies (Berman, 1998, p.305). These practices contribute to the wider governance issues that result from the existence of weak, absent or ineffective formal institutions. Thus, a political system in this context can result in a business environment mired by the negative impact of corruption, high transaction costs and taxes, constraints to doing business, difficulty accessing credit or finance. As such, these characteristics of the political environment generate institutional pressures on the productivity of firms and individuals.

> “Patron-client networks remain the fundamental state-society linkage in circumstances of social crisis and uncertainty and have extended to the very centre of the state. This accounts for the *personalistic, materialistic* and *opportunistic* character of African politics” (Berman, 1998, p.305).

This quotation illustrates aspects of the political institutional environment of Sub-Saharan Africa. We argue that the majority of business families, undertaking business activity also engage in institutional entrepreneurship, thereby creating and informing the governance systems within their organisation structures, practices and behaviour. Traditional families in the Sub-Saharan African context live under the patriarchal –paternalistic-system where the man is the "father-figure" whose authority is unquestionable, and rules are to be treated with fear. In most instances, the founder (family patron) or the 'dominant family' oversee developing the culture, defining the vision, mission, and formulating the firms' strategic goals (Klein *et al*., 2005).

When the institutional environment is dominated by inefficiencies, political risks, and poor governance structures, businesses will tend to engage in economic malpractices or adopt means to protect their wealth. Bassetti *et al.* (2015)'s study of family businesses in emerging economies, revealed that in the absence of efficient institutions, family firms were willing to engage in corruption to protect their wealth. We propose that against the backdrop of negative institutional forces caused by inefficient political institutional environments within sub-Saharan Africa, business families have the capacities to navigate and define the outcomes for their business activities through institutional entrepreneurship. Burkat *et al*. (2003) argue that family control enabled governance and accountability mechanisms that act as a substitute for weak formal investor protection. This is supported by Chrisman et al., (2004) who show that family governance makes a difference in firm performance. Thus, business families are better placed to overcome the challenges of markets that have weak regulatory institutions through enactment of their political activities.

Institutional Voids and business families

Sub-Saharan Africa's diverse colonial, economic and social traditions present a distinct environment for investigating the impact of institutional forces on businesses. The informal sector contributes approximately 60% of wealth in Africa (Khavul *et al*, 2009). The economic informality, which Schneider (2005, p.600) defines as "all market-based legal production of goods and services that are deliberately concealed from public authorities", may be viewed as a deterrent to growth of entrepreneurial activities within a Western conceptual perspective. According to Khavul *et al.* (2009) "economic informality presents opportunities for some entrepreneurial businesses but not others to cycle rapidly from opportunity to another as they manoeuvre towards higher value-creating ventures”. Business families are best positioned to benefit from the existence of such institutional voids through engagement in formal and informal business activities.

Institutional theory posits that the normative pillar moves away from the individual interest toward a social obligation (Scott, 1995). Such “expectations can be either role or goal defined or may be defined by social obligations and be morally governed” (Brundin and Wigren-Kristoferson, 2013:453). The economic institutional pressures may implore organisations to conform to specified rules and practices evident within their immediate external environment that influence their structure and behaviours (Barley and Tolbert, 1997). Business families also reflect the normative aspect of the members as they have closely shared socialisation processes and hence share the norms and values (Leaptrott, 2005; Brundin and Sharma, 2011) that guide the governance of the family and business.

Moreover, within the Sub-Saharan African economic environment, the lack of regulation has a constraining effect on the entrepreneurs’ actions through a lack of efficient markets for raising finances and over-reliance on social networks to fund growth of firms (Estrada-Robles et al., 2018). Most entrepreneurs rely on family and community networks for mobilising resources (Khayesi, *et al.,* 2014; Khayesi and George, 2011). Business families engage in the productive use of embedded networks of relations beyond the contours of the wider family and community. As such, business families are best positioned to gain access to a variety of different forms of financial capital through donations, hand-outs, non-interest loans or their own group contributions to grow the business. In such an institutional context, in which there exists inherent misalignment between formal and informal institutions, we posit that business families act as “capital pooling devices” in a context where capital markets are very illiquid and where it is difficult to raise large amounts of money to fund business growth. Engaging in this process enables business families to gain legitimacy and further embed their political power within the given social structures in which they exist.

Socio-cultural Institutions and business families

The cultural-cognitive pillar refers to processes of making sense of social reality and creating a shared understanding of reality. The sub-Saharan African environment provides a unique context to explore the influence of a diverse and integrated culture from its several communities. Some

African specific cultures include 'Ubuntu' in South Africa, Harambee in Kenya (Vershinina, et al., 2017), Humanism in Zambia and Ujamaa in Tanzania. Although these are substantially different, they operate within the mantra of common benefit for the people, which go beyond the familial reciprocity and incorporates wider community benefits.

Extending the socio-cultural institutional influence onto a business family context, the presence of shared understanding and assumed symbols that subconsciously govern the family and the business can be observed. The reliance of business families on extended family members and individuals within the community forms part of the everyday, normalised activity within this context of culturally embedded social relations. These are prioritised over concepts such as profitability and business growth, which dominate in alternative institutional contexts, in which formal institutions take prominence. Reay and Hining (2009) argue that family and business logics exist as competing logics. In contrast, in this paper, we propose that within the specific institutional contours of Sub-Saharan Africa, business families represent the complementary nature of family and business logics, co-existing and enabling each other to navigate the institutional voids.

Conclusions and Implications

Responding to calls to understand the importance of 'context' within our understanding of entrepreneurial behaviour (Bruton *et al*. 2010; Jennings *et al.* 2013) and in particular the role of institutional contexts in affecting entrepreneurial activity (Bruton, *et al.*, 2010; Scott, 1995, 2005; Zahra & Wright, 2011), this paper has explored how the specific contours of the institutional context within Sub-Saharan Africa may impact on business families. Business families represent a much wider notion of businesses owned, managed and governed by families. They include wider extended family members and members of community, who have an influence on what business family is understood as within the Sub-Saharan African context.

This article builds on the seminal work of DiMaggio and Powell (1983) and Scott (2001) in which they highlight the importance of institutional pillars and three sources of institutional pressures: political, economic and socio-cultural institutions by exploring how the context of specific institutional voids (Mair and Marti, 2011; Barrédy, 2016) within Sub-Saharan Africa may impact on the nature of business activity undertaken by business families. After providing an review of the existing literature, in this paper we developed a conceptual framework through which we can better understand the interplay between the formal and informal institutional environments (Webb *et al.,* 2013), and the emergence of business families as a force to cope with and overcome such misalignment. Rather than seeing Africa as a 'parochial dinosaur' (Boyacigiller and Alder, 1991), we demonstrate that Sub-Saharan Africa represents a unique context (Zoogah *et al*., 2015) in which scholars within the fields of entrepreneurship, family business and family entrepreneurship can explore the relevance of existing conceptualisations and theorisations.

In contrast to developed economies, where formal institutions dominate the institutional landscape, within the Sub-Saharan African context, we find a co-existence of formal and informal institutions (Webb *et al.* 2013). Here, the co-existing logics have clear impacts on the functioning of businesses in general and business families in particular. Rather than family and business logics competing (Reay and Hining, 2009), we argue for the complementarity of family and business logics, which clearly represents an area for future empirical scrutiny. Institutional voids have previously been conceptualised as spaces empty or devoid of formal institutions and as such environments in which business activity is heavily constrained. However, such a narrow perspective fails to shed light on and recognise the presence of informal institutions that in fact can facilitate emergent forms of institutional entrepreneurship. Within the specific context of Sub-Saharan Africa, business families represent these actors and are able to substitute such voids with other informal institutional structures in order to enable their business activities. We also demonstrate how business families, despite being vulnerable to political and economic pressures, resulting from operating in a context characterised by voids within the formal institutional setting, nevertheless, adopt a variety of socio-cultural influences including culturally embedded social relations inside and outside the contours of the business family. We argue that in such contexts within Sub-Saharan Africa, business families are best placed to harness their embeddedness within wider family and community for harnessing entrepreneurial activity. Moreover, our findings about the role of relational familial logics in enabling family businesses to navigate settings, characterised by voids in formal institutions, may extend beyond Sub-Saharan Africa.

We make the following contributions in this article. First, by responding to calls for incorporating Sub-Saharan African contexts into the academic studies of management and entrepreneurship literature, we offer insights on the emergence of institutional entrepreneurship amongst business families, who develop legitimacy through adoption of family as an institution with specific normative and cultural-cognitive understandings of how to do business in this specific context. Second, within the institutional context of Sub-Saharan Africa, by focussing on the business family rather than the family business, we offer theorisations that family and business logics act in tandem and are complementary to each other in the context characterised by voids within the formal institutional setting. Third, we underscore the importance of culturally embedded networks of social relations and their impact on the ability of business families to engage in business activity. Finally, from a policy and practitioner perspective, we suggest that by researching specific institutional contexts, we might start to recognise that not only the institutional settings with strong formal institutional foundation and business-focused logics may result in the development of business activity. Rather, there may exist a set of informal logics which influence the ability of organisations to operate within a given institutional setting.

The paper highlights possibilities for future academic enquiry into the impact of institutional voids on business activity. Rather than empirical studies solely examining the negative impacts voids in formal institutional settings have on business activity, this paper highlights the opportunities to explore how within the context of embedded institutional voids, there exist opportunities for firms to negotiate the existing institutional logics in order to improve their performance and growth and in doing so, provides a window to further understand the dynamic linkages between firms and the contexts in which they operate. There exists the possibility for future academic research to examine not only how business families in the specific context of Sub-Saharan Africa negotiate institutional voids but more broadly, to investigate how business families, operating in different institutional contexts and possessing different capabilities and characteristics seek to negotiate the specific institutional voids in which they are forced to operate. It would also clearly be beneficial to place our conceptual framework under empirical scrutiny in future work across a variety of institutional settings.

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